

Statement of Considerations

REQUEST BY SIEMENS WESTINGHOUSE POWER CORPORATION FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER DEPARTMENT OF ENERGY CONTRACT NO. DE-AC26-98FT40002; DOE WAIVER DOCKET W(A)-98-022 [CH-0988]

Siemens Westinghouse Power Corporation (hereinafter referred to as "SWPC"), has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Contract No. DE-AC26-98NT40002. The scope of the work calls for SWPC to identify and address the key hot corrosion and oxidation issues that are associated with the utilization of porous metal filter media in pressurized fluidized bed combustion systems. The work is sponsored by the Office of Fossil Energy.

The dollar amount of the contract is \$1,511,527 with SWPC cost sharing \$347,651, or 23% of the contract. The planned performance period is September 29, 1998 through January 31, 2003.

As indicated in its response to question 5 of the waiver petition, SWPC, formerly the Westinghouse Electric Corporation, has been involved in the development of hot gas filtration technology and high temperature ceramic materials during the last 20 years and 10 years, respectively, through projects funded by the DOE's National Energy Technology Laboratory and the Electric Power Research Institute, and internally supported programs. Attachments to the petition identify the contracts conducted at the Westinghouse Electric Corporation relating directly to hot gas filtration, and provide a list of patents and publications pertaining to hot gas filtration technology. Over the past 10 years, SWPC has developed ceramic filter materials and a supplier base, and filter systems are currently being demonstrated in various DOE programs. Therefore, SWPC's experience and expertise will contribute substantially to commercialization of the inventions made under the contract.

As indicated in its response to question 6 of the attached waiver petition, SWPC is a major national and international supplier of power generation equipment, having manufacturing, sales, distribution, and service skills and organizations needed for commercialization of hot gas cleaning systems and advanced hot gas filters. SWPC has established a leadership position in the development and commercialization of Hot Gas Cleaning Systems for fossil fuel based power generation systems, of which the hot gas filter is a key component. SWPC has a strategic and financial commitment to the advancement and commercialization of hot gas filters for Hot Gas

Cleaning System applications. Considering its market position, it has the capability to commercialize the hot gas filters that are the subject of the contract.


The contract has been executed and is proceeding with the standard DOE "Patent rights-acquisition by the Government" clause. If the requested waiver is approved, the "Patent rights-acquisition by the Government" clause will be replaced by the "Patent Rights-Waiver" clause as a no-cost modification to the contract. SWPC has approved the "Patent Rights-Waiver" terms and conditions, including march-in rights, the granting of licenses to background patents necessary for practicing subject inventions, retention by the government of a license, preference for U.S. industry, and U.S. Competitiveness clauses. The "Patent Rights-Waiver" clause will also contain a paragraph that requires SWPC to make the conditions in the waiver binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention. Also, should there be a change in ownership of SWPC, transfer of rights in waived inventions will be suspended until approval by DOE of the entity obtaining controlling interest. SWPC has further agreed to modification of the data clause of the subject contract (48 C.F.R. 52.227-14) by adding paragraph (k), Alternative VI (48 C.F.R. 952.227-14), concerning contractor licensing of data.

Siemens Westinghouse agrees that any product, process or service used or sold by it or its affiliates embodying subject inventions must be manufactured, practiced or provided substantially in the United States, and further, any license or other transfer in rights of a subject invention to third parties must be approved by DOE prior to any such transfer.

As indicated in its response to questions 9 and 10 of the waiver petition, granting of the waiver will promote development and product commercialization by reducing the investment and infringement risks associated with new product development. Also, granting of the waiver should have little effect on competition since alternative technology and designs are currently or will be available in the marketplace, therefore there should not be undue market concentration of SWPC's products.

Grant of the requested waiver should serve as encouragement to other DOE contractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

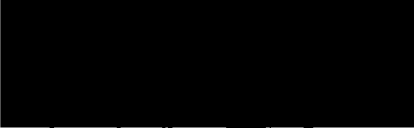
In view of the acceptable level of cost sharing by Siemens Westinghouse Power Corporation and the objectives and considerations set forth in 10 C.F.R. 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.



Lisa A. Jarr
Patent Attorney


Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared contract where, through such a modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:


George Rudins
Deputy Assistant Secretary for Coal and
Power Systems
Office of Fossil Energy

Date: April 18, 2002

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and Intellectual
Property

Date: 4-23-02

Counsel prior to any such release or publication. In appropriate circumstances, and after consultation with the Contractor, Patent Counsel may waive the right of prepublication review.

(s) Forfeiture of rights in unreported subject inventions.

(1) The Contractor shall forfeit and assign to the Government, at the request of the Secretary of Energy or designee, all rights in any subject invention which the Contractor fails to report to Patent Counsel within 6 months after the time the Contractor:

- (i) Files or causes to be filed a United States or foreign patent application thereon;
- or
- (ii) Submits the final report required by paragraph (e)(2)(ii) of this clause, whichever is later.

(2) However, the Contractor shall not forfeit rights in a subject invention if, within the time specified in paragraph (m)(1) of this clause, the Contractor:

- (i) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract and delivers the decision to Patent Counsel, with a copy to the Contracting Officer;
- or
- (ii) Contending that the subject invention is not a subject invention, the Contractor nevertheless discloses the subject invention and all facts pertinent to this contention to the Patent Counsel, with a copy to the Contracting Officer, or
- (iii) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to subject inventions.

(t) U.S. Competitiveness.

The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Contractor can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.